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DE RUEHAK #1535 1661312
ZNR UUUUU ZZH
R 151312Z JUN 07
FM AMEMBASSY ANKARA
TO RUEHC/SECSTATE WASHDC 2614
INFO RUCPDO/USDOC WASHDC
RHEBAAA/DEPT OF ENERGY WASHINGTON DC
RUEHGB/AMEMBASSY BAGHDAD 0968
RUCNCIS/CIS COLLECTIVE
RUCNMEM/EU MEMBER STATES COLLECTIVE
RUEHIT/AMCONSUL ISTANBUL 2884
RUEHDA/AMCONSUL ADANA 2046

UNCLAS ANKARA 001535

SIPDIS

USDOE FOR CHARLES WASHINGTON
USDOC FOR 4212/ITA/MAC/CPD/CRUSNAK

SENSITIVE
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E.O. 12958: N/A
TAGS: [ENRG](#) [EPET](#) [EINV](#) [TU](#)
SUBJECT: EU-TURKEY ENERGY CONFERENCE - MISSED OPPORTUNITY ON
TRANSIT

REF: Ankara 1481

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11. (SBU) SUMMARY: Expectations for a strong European statement in support of Turkey's role in gas transit to Europe were unrealized at the June 5 "Turkey and the EU: Together for a European Energy Policy" Conference in Istanbul, which was attended by Commissioners Rehn and Piebalgs and senior GOT officials. While there were political statements of support for Turkey's EU accession, Turkey's critical role in the "southern gas corridor" to Europe was not showcased. End Summary.

I Luv U - U Luv Me - We're a Happy Family

12. (SBU) Nazim Bayraktar from the Energy Regulator EU Relations Department described the EU-Turkey energy conference as a political love-fest. A particularly quotable comment was Olli Rehn's reference to Turkey's EU accession as music that cannot stop: "it can be a quick samba, or it can be a slow waltz." Turkish chief EU negotiator State Minister Ali Babacan said "Turkey will be relegated to the status of a third world country" unless it applies EU standards of democracy and rule of law.

13. (SBU) Bayraktar said that Energy Minister Guler used his speech to emphasize energy cooperation, plugging Samsun-Ceyhan, Nabucco and other transit projects. He high-lighted Turkey's desire for access to gas transiting its territory at "net-back" prices, so that Turkey is assured some quantity of gas at a price equal to that paid by the downstream consumer less transportation costs. Guler often complains that the Europeans do not give adequate consideration to Turkey's significant and growing gas requirements (ref). Bayraktar also said that exemptions to EU regulations on third party access and tariffs were necessary to realize Nabucco, but an inter-governmental agreement could facilitate or obviate the exemption issue.

14. (SBU) In his speech, Energy Deputy Undersecretary Bekir Aksoy reportedly said Turkey was continuing to work on legislation aimed at advancing Turkey's adoption of the EU energy acquis. He cited electricity sector reform, renewable and energy efficiencies laws, and draft petroleum and nuclear laws. While EU officials applauded Turkey's efforts, there was not a commitment on when the energy chapter negotiations might be opened.

Missed Opportunity

15. (SBU) UK Embassy energy officer was disappointed, however, that EU officials did not take the opportunity to emphasize Turkey's gas transit role. While there was perfunctory mention of gas transit in the conference conclusion and a number of speeches, the clear focus of the conference proceedings and reporting was on political support for Turkey's EU accession. The UK embassy officer felt that the Commission spent too much time hammering Turkey to join the European Energy Community Treaty, which Turkey has not signed because it wants to take advantage of the accession period to adopt energy and environment acquis. The British diplomat shared a copy of the letter from the UK Minister of Europe to the Commission which advocated using the conference as a catalyst to increase EU engagement with Turkey and the Caspian, in particular Turkmenistan, on advancing a trans-Caspian pipeline supplying gas to Europe.

16. (SBU) COMMENT: Both our Turkish and European interlocutors see a link between Turkey's EU accession and its role as a natural gas transit country and seek to play the issues off each other. The Turks argue that the EU should be more welcoming on accession in order to obtain Turkey's cooperation on energy, while the Europeans see it the other way around. This zero-sum thinking is clearly self-defeating. We will need to continue to challenge the Europeans to be more visible and focused on Central Asia and Caspian -sourced gas transiting Turkey to Europe.
Wilson